



## AGENDA BILL APPROVAL FORM

<b>Agenda Subject:</b> Resolution No. 4561		<b>Date:</b> January 26, 2010
<b>Department:</b> Finance	<b>Attachments:</b> Resolution No. 4561	<b>Budget Impact:</b>
<b>Administrative Recommendation:</b>  City Council adopt Resolution No. 4561.		
<b>Background Summary:</b>  <p>Resolution No. 4561 levies the .1% sales tax credit against the state sales tax for annexation of the Lea Hill Area. SB 6686 authorizing the tax credit was passed by the state legislature during the 2006 regular session. The intent of the legislation was to provide financial assistance to Cities with Planned Annexation Area (PAA's) that did not produce revenues sufficient to cover the costs of urban levels of services. The tax credit will provide sufficient funding, along with the other revenues of the area, to provide those services.</p> <p>The City moved forward with the annexation of Lea Hill based upon the availability of this tax credit. Cities wishing to take advantage of this tax credit incentive had to commence annexation prior to January 1, 2010. The tax credit is available to the city for up to 10 years and is limited to the maximum of .1% credit against the State tax or the difference between the City's cost to provide, maintain, and operate municipal services for the annexation areas and the general revenues that the City receives from the annexation area during a given year. This is the third year that the City of Auburn has asked the State for the sales tax credit.</p> <p style="margin-top: 20px;">N0201-1 F6.7</p>		
<b>Reviewed by Council &amp; Committees:</b> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Arts Commission  <input type="checkbox"/> Airport  <input type="checkbox"/> Hearing Examiner  <input type="checkbox"/> Human Services  <input type="checkbox"/> Park Board  <input type="checkbox"/> Planning Comm.         </div> <div style="width: 45%;"> <b>COUNCIL COMMITTEES:</b>  <input checked="" type="checkbox"/> Finance  <input type="checkbox"/> Municipal Serv.  <input type="checkbox"/> Planning &amp; CD  <input type="checkbox"/> Public Works  <input type="checkbox"/> Other _____         </div> </div>		<b>Reviewed by Departments &amp; Divisions:</b> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Building  <input type="checkbox"/> Cemetery  <input type="checkbox"/> Finance  <input type="checkbox"/> Fire  <input type="checkbox"/> Legal  <input type="checkbox"/> Public Works  <input type="checkbox"/> Information Services         </div> <div style="width: 45%;"> <input type="checkbox"/> M&amp;O  <input type="checkbox"/> Mayor  <input type="checkbox"/> Parks  <input type="checkbox"/> Planning  <input type="checkbox"/> Police  <input type="checkbox"/> Human Resources         </div> </div>
<b>Action:</b> Committee Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No Council Approval: <input type="checkbox"/> Yes <input type="checkbox"/> No      Call for Public Hearing ____/____/____ Referred to _____ Until ____/____/____ Tabled _____ Until ____/____/____		
<b>Councilmember:</b> Backus		<b>Staff:</b> Coleman
<b>Meeting Date:</b> February 16, 2010		<b>Item Number:</b> VIII.B.1

## **RESOLUTION NO. 4 5 6 1**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, AUTHORIZING THE CITY OF AUBURN TO IMPOSE A SALES AND USE TAX AS AUTHORIZED BY RCW 82.14.415 AS A CREDIT AGAINST STATE SALES AND USE TAX, RELATING TO ANNEXATIONS

WHEREAS, this is not a new tax but a reallocation of the sales tax already collected by the state which will then be remitted to the City to assist with funding the costs of the newly annexed area; and

WHEREAS, in accordance with Chapter 35A.14 RCW, on the 16<sup>th</sup> day of January, 2007 and on the 16<sup>th</sup> day of April, 2007, the City Council of the City of Auburn, Washington, passed its Resolution Numbers 4138 and 4176 respectively, calling for special elections to be held in connection with the primary election on August 21, 2007, at which election the question of annexation was presented to the voters of the Lea Hill Annexation Area; and

WHEREAS, the notice of intention to annex was filed with the King County Boundary Review Board and subsequently approved; and

WHEREAS, in accordance with Chapter 35A.14 RCW the annexation was put to a vote of the people in the annexation area on August 21, 2007; and

WHEREAS, the King County Records, Elections and Licensing Services Division, on September 5, 2007, certified that the referendum had been approved by the voters; and

WHEREAS, following a favorable vote on the annexation proposition, the City Council of the City of Auburn, Washington, adopted its Ordinance No.

6121, on September 17, 2007, annexing said Lea Hill Annexation Area, an annexation area that has a population of at least ten thousand people; and

WHEREAS, the City Council of the City of Auburn, Washington, finds and determines that the projected cost of at least \$5,719,496 to provide municipal services to the annexation area exceeds the projected general revenue estimated to be \$3,607,200 that the City would otherwise receive from the annexation area on an annual basis; and

WHEREAS, pursuant to RCW 82.14.415, the City is authorized, under the circumstances of this annexation, to impose a sales and use tax as authorized with that tax being a credit against the state tax.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

**Section 1.** **Purpose.** The Auburn City Council does hereby authorize the City's Finance Director to set the threshold for imposing the sales and use tax credit at Two Million Two Hundred Thousand Dollars (\$2,200,000) for the Lea Hill annexation area.

**Section 2.** **Implementation.** The Mayor of the City of Auburn is hereby authorized to implement such administrative procedures as may be necessary to carry out the directions of this Resolution.

**Section 3.** **Effective Date.** This Resolution shall take effect and be in full force upon passage and signatures hereon.

DATED and SIGNED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2010.


CITY OF AUBURN

ATTEST:

\_\_\_\_\_  
PETER B. LEWIS,  
MAYOR

\_\_\_\_\_  
Danielle E. Daskam,  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Daniel B. Held,  
City Attorney